

Alaska Visitor Statistics Program VI Interim Visitor Volume Report

Summer 2010

Prepared for:

State of Alaska

*Department of Commerce, Community,
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Research-Based Consulting

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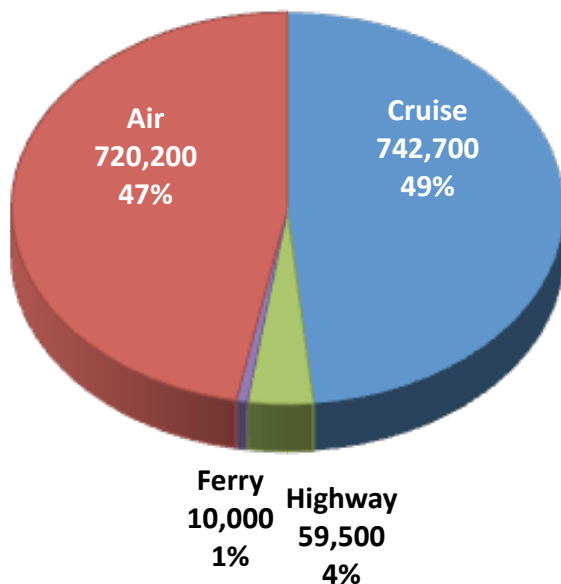
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Key Findings

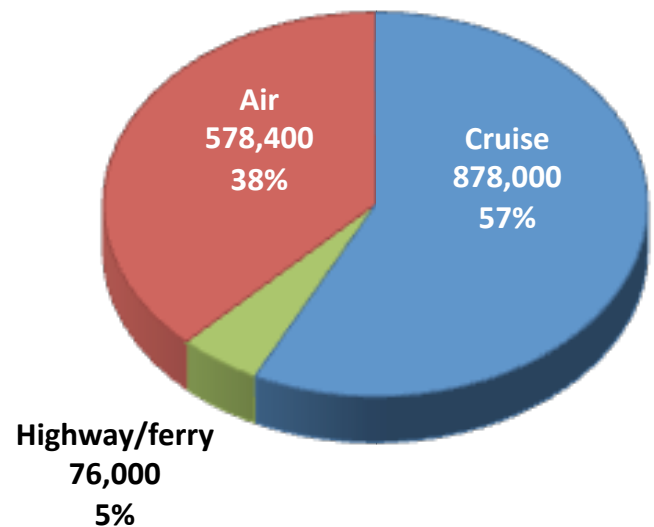
Visitor Volume, Summer 2010

An estimated 1.5 million out-of-state visitors came to Alaska between May and September, 2010. The majority of visitors (57 percent or 878,000) were cruise passengers; the remainder (654,400) traveled to and from Alaska via air, ferry, and/or highway. Note that in the charts below, the left-hand chart represents exit mode, while the right-hand chart represents volume by transportation market. In the right-hand chart, the cruise market includes all passengers who participated in a cruise at some point on their Alaska trip (including many who exited the state via air). The air market includes visitors who both entered *and* exited Alaska via air. The highway/ferry market includes visitors who either entered *or* exited Alaska via highway *or* ferry.

**Alaska Visitor Volume, Summer 2010
By Exit Mode**



**Alaska Visitor Volume, Summer 2010
By Transportation Market**



Total Estimated Visitors: 1,532,400

Alaska's 2010 summer season was characterized by a significant drop in cruise passenger volume, the result of five ships being redeployed to other destinations and one ship making half as many voyages. In contrast, the non-cruise segments of the industry showed signs of recovery, as evidenced by increases in bed tax revenues, air passenger enplanements, ferry passenger volume, and fishing license sales. (Details on changes in 2010 can be found on the following pages.) However, nearly all of these indicators were still far below 2008 levels.

Visitor Volume Trends

Visitation to Alaska dropped an estimated 4.3 percent between summers 2009 and 2010, for a total decline of 10.2 percent since 2008. While cruise passenger volume decreased 14.5 percent, the non-cruise market recovered by an estimated 13.8 percent. However, non-cruise volume is still 3.0 percent below 2008 levels.

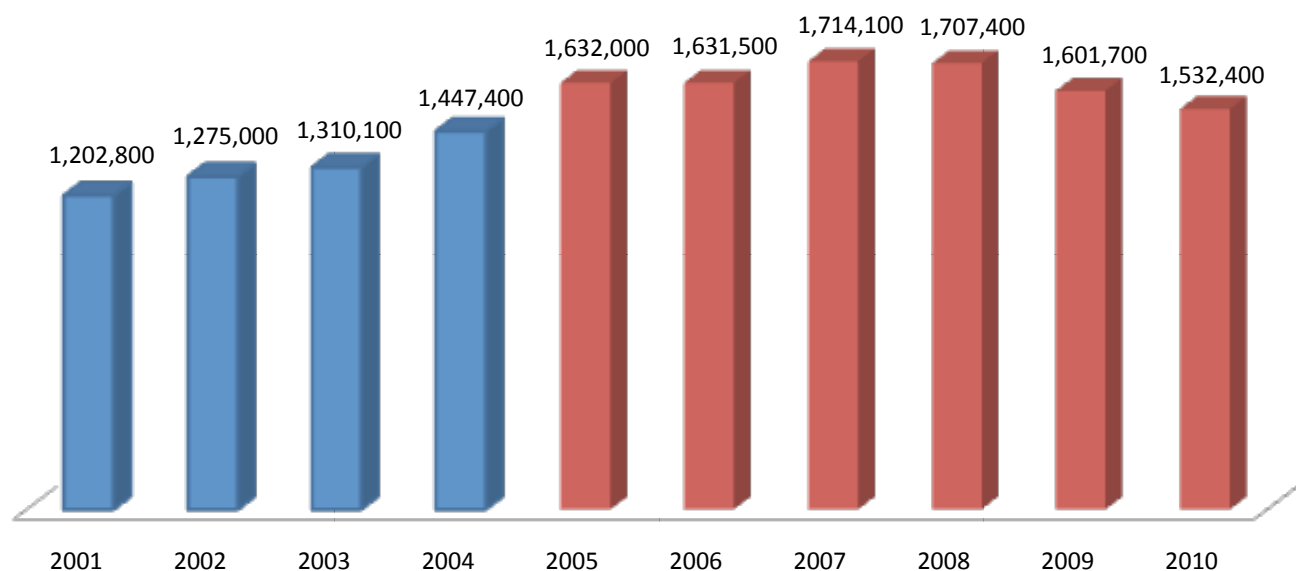
The slight increase in air visitor exits (+2.5 percent) includes a large decrease in cruise-related air traffic (cruise visitors who cruised north and flew home from Anchorage or Fairbanks), counter-acted by an increase in non-cruise air traffic.

Visitor Volume, by Exit Mode and Cruise Market, Summers 2008-2010

Exit Mode	2008	2009	2010	% change 2009-2010	% change 2008-2010
Air	800,600	702,800	720,200	+2.5%	-10.0%
Cruise ship	836,500	835,000	742,700	-11.1%	-11.2%
Highway	59,900	55,200	59,500	+7.8%	-0.7%
Ferry	10,400	8,700	10,000	+14.9%	-3.8%
Total	1,707,400	1,601,700	1,532,400	-4.3%	-10.2%
Cruise Market					
Cruise	1,033,100	1,026,600	878,000	-14.5%	-15.0%
Non-cruise	674,300	575,100	654,400	+13.8%	-3.0%

The chart below shows trends in estimated visitor volume, measured by mode of entry (2001-2004) and exit (2005-2010). Summer 2010 marks the second consecutive decline in overall visitation and the first time it has fallen below the 1.6 million mark since 2004.

Summer Visitor Volume to Alaska, 2001-2010



Sources: 2001-2004 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005-2010 data based on 2006 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

Additional Visitor Industry Indicators

The table on the following page presents changes in traffic data and other indicators for 2009-10 as well as 2008-2010 summer seasons.

Overall, visitor traffic indicates a slight recovery from 2009, but not nearly to 2008 levels.

- Some indicators saw declines both years: overall cruise traffic dropped 14.5 percent between 2009 and 2010 (after having declined by 0.6 percent between 2008 and 2009). The 2010 decline resulted from five ships being redeployed to other destinations – one each from Princess Cruises, Holland America Line, Norwegian Cruise Line, Royal Caribbean International, and Cruise West. In addition, a Holland America ship made half as many voyages, and two additional ships (one Princess, one Carnival) changed from cross-gulf to round-trip itineraries (eliminating the option for passengers to travel further within the state).
- In addition, cruise passengers traveled less while in Alaska: 2010 saw an estimated 9 percent decrease in land tour participation, for a combined 21 percent decrease since 2008.
- Domestic air passenger volume exiting Alaska was up 2 percent for the May-September time period. When combined with the steep decline in 2009, exiting traffic was still down 8 percent from 2008. The declines in cruise land tour volume impacted this exit mode as well; roughly half of land tour participants exited via the Anchorage and Fairbanks airports.
- International air passenger traffic declined in both 2009 and 2010 (May-September), for an overall decline of 16 percent. However, this measure is not necessarily an indication of the overall international market. Many international visitors to Alaska use other modes to exit the state.
- Ferry ridership by non-residents recovered somewhat, with an 8 percent increase in 2010, after declining 16 percent in 2009.
- Second-quarter and third-quarter (April-September) vehicle rental taxes collected in Anchorage were up 11 percent since 2009, but still 12 percent below 2008. Similarly, RV rental taxes were up 11 percent since 2009, but still down 18 percent since 2008.
- The Municipality of Anchorage's bed tax revenues (April-September) increased 9 percent and may indicate a recovery from 2009, although they were still 15 percent below 2008 revenues. Bed taxes (May-September) for the Municipality of Fairbanks also showed an increase since 2009, up 8 percent. Again, they were still down (12 percent) from 2008 levels. Likewise, the City and Borough of Sitka's revenues showed a 10 percent increase, but were 21 percent below 2008 levels. The Denali Borough's bed taxes increased the most in 2010, by 12 percent, for a total loss of 3 percent since 2008. The Matanuska-Susitna Borough's bed taxes decreased for the second year in a row, for a total loss of 15 percent since 2008. The City and Borough of Juneau's second-quarter bed taxes were up 1 percent in 2010, but down 10 percent from 2008.
- In terms of airlines servicing Alaska from out of state, United Airlines resumed flights to Anchorage (after a break in 2009) and Frontier Airlines began service to Fairbanks. Japan Airlines cut their flights to Anchorage in half, but maintained their previous level of service to Fairbanks.

- The U.S. tourism industry overall performed better in 2010 than in Alaska specifically, with an overall growth in domestic travel of 3.1 percent for the January through September period. International visitation to the U.S. performed even better over the same period, showing an increase of 8.0 percent, assisted by a favorable exchange rate for foreign travelers.¹
- On an international level, global tourism recovered strongly in 2010, for an overall increase of 6.7 percent, according to the U.N. World tourism Organization.² This followed a drop of 4 percent in global tourism in 2009.

Summer 2010 Visitor Industry Indicators

	Change 2009-2010	Change 2008-2010
Domestic airplane passengers exiting Alaska, May-September		
Anchorage	+2%	-8%
Fairbanks	+3%	-3%
Juneau	+4%	-12%
Ketchikan	-3%	-15%
Sitka	+5%	-16%
Other	-1%	-7%
Total	+2%	-8%
International airplane passengers exiting Alaska, May-September		
Total	-9%	-16%
Cruise passenger traffic		
Total passenger volume	-15%	-15%
Land tour volume	-9%	-21%
Out-of-state ferry passenger volume		
Total	+8%	-8%
Non-resident sportfishing licenses		
Total (January-September)	+1%	-15%
Bed tax revenues		
Anchorage (April-September)	+9%	-15%
Fairbanks (May-September)	+8%	-12%
Mat-Su (annual)	-7%	-15%
Denali (April-September)	+12%	-3%
Juneau (April-June)	+1%	-10%
Sitka (April-September)	+10%	-21%
Vehicle rental tax revenues (April-September)		
Anchorage car rental	+11%	-12%
Anchorage RV rental	+11%	-18%

Sources: Alaska Airlines, Ted Stevens Anchorage International Airport, Fairbanks International Airport, Cruise Line Agencies of Alaska, cruise lines, Alaska Marine Highway, Municipality of Anchorage, Municipality of Fairbanks, Matanuska-Susitna Borough, Denali Borough, City and Borough of Juneau, and City and Borough of Sitka.

¹ "Coming to America," Daily Finance, January 16, 2011 (www.dailyfinance.com).

² "2010 A Strong Year for Global Tourism, U.N. Agency Says," CNN, January 17, 2011 (www.cnn.com).

This report provides visitor volume estimates for Alaska between May 1 and September 30, 2010, as part of the *Alaska Visitor Statistics Program VI (AVSP)*, conducted by McDowell Group for the Alaska Department of Commerce, Community, and Economic Development (Division of Economic Development). The last time the McDowell Group collected primary data on visitor volume was in 2006-2007 as part of *AVSP V*. The study included collection of visitor/resident ratios at airports, onboard ferries, and at border stations as visitors exited Alaska. McDowell Group usually estimates visitor volume by applying these ratios to updated traffic figures; however, due to the economic downturn in 2009, alternate methods of estimating volume were used for several modes in both 2009 and 2010.

Domestic Air: After initial publication of this report, the Domestic Air visitor traffic numbers were revised based on ratios obtained in summer 2011, on the assumption that 2011 ratios would more accurately reflect 2010 traffic than the ratios originally obtained in 2006.

Ferry: The Alaska Marine Highway was able to provide actual non-resident exiting traffic data for 2010, for the first time. (For 2006-2008, McDowell Group used visitor/resident ratios. In 2009, AMHS provided a percentage decrease in non-resident ferry travel, which was applied to visitor exits.) Although this resulted in a slightly overstated increase in ferry visitor exits (14.9 percent instead of around 10 percent) between 2009 and 2010, the 2010 figure is accurate and will be comparable to future data.

Highway: The study team based highway traffic estimates on the change in total traffic between 2009 and 2010, as well as visitor industry indicators including bed tax revenues and reports from businesses serving highway traffic.

This report also includes additional indicators of the 2010 visitor season and how they compare to both 2008 and 2009. Sources included:

- Land tour passenger volume data provided by cruise lines.
- Bed tax revenues collected from the Municipality of Anchorage, Municipality of Fairbanks, Denali Borough, City and Borough of Juneau, Matanuska-Susitna Borough, and the City and Borough of Sitka.
- Vehicle rental tax revenues collected from the Municipality of Anchorage.
- Fishing and hunting license sales data from the Alaska Department of Fish and Game.

The study team also takes into consideration factors that more generally describe the economic environment and that could have an influence on visitor volume. For example, population shifts are noted because they can affect visitor/resident ratios. Alaska's population has shifted only slightly over the last several years: up by 0.7 percent in 2007, by 0.8 percent in 2008, and by 1.5 percent in 2009. Most of the population shifts were due to natural increase (more births than deaths) rather than in-migration. Therefore population change is unlikely to have affected visitor/resident ratios.

The AVSP VI study team would like to acknowledge the following entities for their assistance with the project.

Alaska Travel Industry Association
Ted Stevens Anchorage International Airport
Fairbanks International Airport
Alaska Airlines
Alaska Marine Highway System
Yukon Department of Tourism and Culture
Cruise Line Agencies of Alaska
U.S. Customs and Border Protection

Additional Traffic Data

Visitor/Resident Ratios

The following table shows the percentage of total passengers for each exit mode that was out-of-state visitors in summer 2010. These ratios are a composite of ratios by location, by month. Because they apply to traffic data on a monthly and by-location basis, applying them to overall traffic will not yield the same results.

It is important to note that the highway ratio refers to highway travelers who are exiting the state for the final time on their trip. This eliminates the possibility of double-counting visitors who exit the state twice – for example, ferry passengers who exit the state at Beaver Creek, then re-enter at Haines to board a ferry.

Visitor/Resident Ratios, by Mode

Exit Mode	Percentage Visitors
Domestic Air	68.2%
International Air	76.2%
Highway ¹	34.9%
Ferry	66.0%
Cruise ship	100.0%
Total	77.3%

¹ The highway ratio refers to “last-exit” visitors: not planning to re-enter Alaska on the same trip.

Visitor Volume Trends

The table below shows trends in estimated visitor volume between 2001 and 2010. Visitor volume has fluctuated over the last decade, from a low of 1.2 million in 2001 to a high of 1.7 million in 2007. Volume has decreased in each of the last three years after fairly consistent growth in the first part of the decade.

Trends in Summer Visitor Volume, By Entry/Exit Mode, 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Air	588,900	594,300	592,900	635,600	786,700	795,900	811,300	800,600	702,800	720,200
Cruise ship	510,000	581,000	620,900	712,400	761,100	758,100	827,800	836,500	835,000	742,700
Highway	86,700	82,900	80,400	83,200	72,100	65,800	64,300	59,900	55,200	59,500
Ferry	17,200	16,800	15,900	16,200	12,100	11,700	10,700	10,400	8,700	10,000
Total	1,202,800	1,275,000	1,310,100	1,447,400	1,632,000	1,631,500	1,714,100	1,707,400	1,601,700	1,532,400
% change	n/a	+6.0%	+2.8%	+10.5%	+12.8%	0.0%	+5.1%	-0.4%	-6.2%	-4.3%

Note: 2001-2004 data based on entry mode; 2005-2010 data based on exit mode.

Sources: 2001-2004 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005-2010 data based on 2006 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

Cruise Volume Trends

Cruise passenger volume dropped substantially in 2010 for the first time in over a decade: by 14.5 percent. The volume in 2010 was similar to the 2004 volume.

Alaska Cruise Passenger Volume, 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cruise volume	690,600	739,800	777,000	884,400	953,400	958,900	1,029,800	1,033,100	1,026,600	878,000
% change	+7.8%	+7.1%	+5.0%	+13.8%	+7.8%	+0.6%	+7.3%	+0.3%	-0.6%	-14.5%

Source: Cruise Line Agencies of Alaska.

Total Traffic

The following table, showing total traffic data (as opposed to visitor volume), provides another method for comparison between the two sets of data for individual travel modes.

Trends in Traffic, By Entry/Exit Mode, 2001-2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Air	992,700	1,006,000	1,003,000	1,075,000	1,103,900	1,117,900	1,142,900	1,130,500	1,032,300	1,054,500
Cruise ship	510,000	581,000	620,900	712,400	761,100	758,100	827,800	836,500	835,000	742,700
Highway	222,400	213,900	207,300	210,900	214,500	199,300	194,200	175,400	171,500	170,500
Ferry	24,100	23,700	22,400	22,800	17,800	17,500	16,400	15,300	15,700	15,200
Total	1,749,200	1,824,600	1,853,600	2,021,100	2,097,300	2,092,800	2,181,300	2,157,700	2,054,500	1,982,900
% change		+4.3%	+1.6%	+9.0%	+3.8%	-0.2%	+4.2%	-1.1%	-4.8%	-3.5%

Sources: 2001-2004 data from *Alaska Visitor Arrivals* studies (conducted by Northern Economics, Inc.); 2005-2009 data based on 2006 visitor/resident ratios obtained for AVSP V (conducted by McDowell Group, Inc.).

Note: Highway traffic for 2001-2004 was adjusted to be comparable to 2005-2010 data. Traffic data for 2001-2004 excluded vehicles that entered the state twice ("double-counted" traffic).